鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED
鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8002)

PRELIMINARY RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

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The directors (the "Directors") of Phoenix Satellite Television Holdings Limited (the "Company") collectively and individually accept full responsibility for this announcement which includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors confirm, having made all reasonable enquires, that to the best of their knowledge and belief, (i) the information contained in the announcement are accurate and complete in all material aspects and not misleading; (ii) there are no other facts the omission of which would make any statement herein misleading; and (iii) opinions expressed in this announcement have been arrived at after due and careful consideration on the bases and assumptions that are fair and reasonable.

CHAIRMAN'S STATEMENT

FINANCIAL SUMMARY

- Revenue for the year ended 31 December 2007 was 11.4% higher than the previous year, reaching approximately HK$1,178,667,000.

- The increase in revenue generated an annual profit attributable to equity holders of approximately HK$278,749,000, which was a 31.2% improvement over the profit achieved in 2006.

- The Board recommended a final dividend of HK$0.018 per share.

RESULTS

During 2007 the revenue of the Company and its subsidiaries (collectively, the "Group" or "Phoenix") increased 11.4% and the profit attributable to equity holders reached a record high.

The Group's revenue for the year ended 31 December 2007 was approximately HK$1,178,667,000, which represented a growth of 11.4% over the revenue derived in 2006. Total operating costs remained at a steady level, with a marginal increase of 7.5% to approximately HK$932,123,000. The upward movement in operating costs was mainly due to the increase in commission payments, programming and staff costs, but the growth of these expenses was offset by the reduction of doubtful debt provision.

The Group's profit from operations and profit attributable to equity holders for the 2007 financial year were approximately HK$246,544,000 and HK$278,749,000 respectively. These figures represented improvements of approximately HK$55,690,000 and HK$66,364,000 respectively over the 2006 financial year. During 2007 the Group recognized a gain on an investment in a subsidiary, with the Group's interest in the net fair value of the subsidiary exceeding the cost of the investment to the extent of HK$17,500,000, and also on the revaluation of the Renminbi of approximately HK$25,000,000, both of which boosted the profit attributable to equity holders.

The chart presented below compares the Group's performance for the year ended 31 December 2007 with that for the 2006 financial year in order to give a clearer picture of the overall trend of the Group's operations.

	Year ended 31 December	
	2007	2006
	HK$'000	*HK$'000*
Phoenix Chinese Channel	**802,364**	722,697
Phoenix InfoNews Channel	**203,606**	223,550
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	**77,409**	68,575
New Media	**56,391**	13,490
Other businesses	**38,897**	29,355
Group's total revenue	**1,178,667**	1,057,667
Operating costs	**(932,123)**	(866,813)
Profit from operations	**246,544**	190,854
Profit attributable to equity holders of the Company	**278,749**	212,385
Earnings per share, Hong Kong cents	**5.64**	4.30

BUSINESS OVERVIEW AND PROSPECTS

The Group's core business of television broadcasting performed well during 2007. Although the Phoenix InfoNews Channel's income was less than that in the previous year, it continued to generate a modest profit, while the flagship Phoenix Chinese Channel achieved a major increase in both income and profit. The Phoenix North America Chinese Channel, the London-based Phoenix Chinese News and Entertainment Channel and the Phoenix Movies Channel continued to operate at a loss, but this loss was smaller than in previous years, suggesting that in due course these channels will move towards the break-even point. Despite continuing to make a loss, the Phoenix North America Chinese Channel and the Phoenix Chinese News and Entertainment Channel contributed towards embellishing the Phoenix name by giving it global reach and realizing the Phoenix vision of being the global Mandarin-language television broadcaster. The Group is currently in the process of restructuring the Phoenix Movies Channel, and is optimistic that it will perform more effectively in the future, and that this will become apparent in 2008.

The Phoenix Chinese Channel continued to feature a wide array of extremely popular programmes, such as A Date with Lu Yu, Summary of Press, Secret Documentary, and Sally Wu's Eye on the World. The Phoenix Chinese Channel also maintained its cutting edge identity by broadcasting live The Miss Chinese Cosmos Pageant, the beauty contest that reflects the growing openness of Chinese society and which last year was staged in Hong Kong in early November.

The Phoenix InfoNews Channel ("InfoNews") maintained its status as the world's leading Mandarin-language news broadcaster, and carried much real time reporting on events across the globe. InfoNews reporting included the terrorist attack on the Red Mosque in Pakistan, the kidnapping of South Korean aid workers by terrorists in Afghanistan, developments in Iran and Palestine. InfoNews also interviewed many world leaders, ranging from President Talabani of Iraq to Prime Minister Abe of Japan. InfoNews also covered major developments in the Greater China region, interviewing Premier Wen Jiabao about the floods in Anhui Province, and also interviewing Ma Ying-jeou and Frank Hsieh, the two contenders in the forthcoming presidential elections in Taiwan. InfoNews also produced a series of discussion shows on the Australian elections last November, which saw the election of the first Chinese-speaking head of government in a Western country.

The status Phoenix enjoys in the eyes of Western governments as the premier Mandarin Chinese news broadcaster was confirmed in 2007 when the United States State Department requested Phoenix to interview Deputy Secretary of State John Negroponte in order to allow him to set out US opposition to the Taiwan government's intention to hold a referendum on the issue of Taiwan's membership of the United Nations. Phoenix not only broadcast this interview in full, but also made it available to some of the key Taiwan television companies in order to ensure that it received a high level of attention from the Taiwan audience.

Besides continuing to develop its core business as a television broadcaster, the Group has also been exploring the scope to expand into other areas. During 2007 Phoenix's new media business continued to do well. It is still in a developmental phase, however, and will require further investment in order to realize its longer term potential. Phoenix also formed a joint venture with Regal Fame Investments Limited, which will conduct an outdoor advertising business.

During the third quarter of 2008 Phoenix's headquarters in Hong Kong will move to Taipo, in the New Territories. The process of moving will require a total capital expenditure of approximately HK$400,000,000 (including the acquisition cost of the building). There will be a phase during which operations will be running in parallel in both locations, and this will lead to a short-term increase in operating costs.

When all these factors are taken into account, the management believes that the Group's potential is sound. While the process of relocating the Phoenix headquarters to Taipo will require considerable capital expenditure, and the new media business will require further investments, the long-term prospects for the entire Phoenix Group remain positive.

MANAGEMENT DISCUSSION & ANALYSIS

COMMENTS ON SEGMENTAL INFORMATION

The table below shows the comparison of operating results of the Group's businesses for the years ended 31 December 2007 and 2006 respectively.

	Year ended 31 December	
	2007	2006
	HK$'000	*HK$'000*
Phoenix Chinese Channel	**416,540**	370,715
Phoenix InfoNews Channel	**3,474**	33,245
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	**(54,633)**	(58,612)
New Media	**25,151**	504
Other businesses	**(1,214)**	(9,391)
Corporate overheads	**(142,774)**	(145,607)
Profit from operations	**246,544**	190,854

Revenues from television broadcasting, comprising both advertising and subscription revenues, which accounted for 91.9% of the Group's total revenue for the year ended 31 December 2007, increased by 6.8% to approximately HK$1,083,379,000 (year ended 31 December 2006: HK$1,014,822,000). The segmental result for television broadcasting recorded a profit of approximately HK$367,699,000 for the year ended 31 December 2007 (year ended 31 December 2006: HK$351,549,000).

Revenue from the Group's flagship channel, Phoenix Chinese Channel, which accounted for 68.1% of the Group's total revenue for the year ended 31 December 2007, increased by 11.0% to approximately HK$802,364,000 (year ended 31 December 2006: HK$722,697,000).

Phoenix InfoNews Channel's revenue accounted for 17.3% of the Group's total revenue for the year ended 31 December 2007, but decreased by 8.9% to approximately HK$203,606,000 (year ended 31 December 2006: HK$223,550,000).

The cumulative revenues of Phoenix Movies Channel, Phoenix North America Chinese Channel and Phoenix Chinese News and Entertainment Channel, increased 12.9% as compared to the year ended 31 December 2006 to approximately HK$77,409,000 (year ended 31 December 2006: HK$68,575,000).

Revenue from programme production and ancillary services increased to approximately HK$32,825,000, which included intra-group sales of approximately HK$27,392,000, for the year ended 31 December 2007 (year ended 31 December 2006: total revenue HK$26,498,000; intra-group sales – HK$24,584,000).

The revenue of the new media services increased to HK$56,391,000 (year ended 31 December 2006: HK$13,490,000) with a segmental profit of HK$25,313,000 (year ended 31 December 2006: HK$894,000)

Other activities, including the advertising and subscription revenue generated by the Phoenix Weekly magazine and handling income from television subscriptions, contributed marginally to the Group for the year ended 31 December 2007.

Please refer to Note 3 of the notes to the financial statements for a detailed analysis of segmental information and the "Business Overview" in this report for commentary on our core business.

DIVIDEND

The board of Directors has decided to recommend a final dividend of HK$0.018 per ordinary share for the year ended 31 December 2007 (2006 HK$0.014 per ordinary share). Upon approval by the shareholders, the final dividend will be paid on or about 30 June 2008 to shareholders whose names appear on the register of members of the Company on 20 June 2008.

The register of members of the Company will be closed from Monday, 16 June 2008 to Friday, 20 June 2008, both dates inclusive, during which period no transfer of share will be effected. In order to qualify for the above final dividend, all transfers must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30p.m. on Friday, 13 June 2008.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 8 June 2007, the Group entered into an agreement with 北京廣播公司 (Beijing Broadcasting Company) and CBC Advertising Limited pursuant to which the registered capital of 北京同步廣告傳播有限公司 (Beijing Simulcast Communication Co Ltd) shall be increased from RMB30,000,000 to RMB44,600,000. The Group shall additionally inject RMB2,110,000 for a 35% shareholdings in the joint venture. As of 31 December 2007, the additional capital contribution had not been made by the Group.

On 22 June 2007, the Group entered into an agreement with Regal Fame Investments Limited to form a joint venture. The joint venture would conduct outdoor advertising business. Pursuant to the agreement, the Group shall inject HK$35,000,000 for a 75% shareholding in this joint venture. A capital contribution of HK$35,000,000 was made in July 2007.

On 27 June 2007, the Group entered into the capital increase contract ("Capital Increase Contract") pursuant to which the Group has conditionally agreed to subscribe for 50% of the enlarged registered capital of 鳳凰東方(北京)置業有限公司 (Phoenix Oriental (Beijing) Properties Company Limited) ("Phoenix Oriental"). The parties agree that the registered capital of Phoenix Oriental shall be increased from RMB10,000,000 (HK$10,200,000) to RMB300,000,000 (HK$306,000,000). 50% of the enlarged registered capital, amounting to RMB150,000,000 (HK$153,000,000) shall be contributed by the Group on satisfaction of the conditions stated in the Capital Increase Contract. On 21 December 2007, the Group entered into an amended and restated capital increase contract reflecting the proposed amendments as advised by the Commerce Department of Beijing on the Capital Increase Contract in order to facilitate its approval. As at 31 December 2007, no approval has been obtained from the Commerce Department of Beijing and thus no capital injection has been made by the Group.

Save as disclosed above, the Group has not held any significant investment for the year ended 31 December 2007.

LIQUIDITY AND FINANCIAL RESOURCES

The liquidity and financial resources of the group as at 31 December 2007 gradually improved compared to those of the Group as at 31 December 2006. The aggregate outstanding borrowings of the Group as at 31 December 2007 were approximately HK$3,506,000, representing current accounts with related companies which were unsecured and non-interest bearing (as at 31 December 2006: HK$4,743,000). Such fluctuation was within the normal pattern of operations of the Group.

The gearing ratio of the Group, based on total liabilities to equity attributable to equity holders of the Company, was 16.3% as at 31 December 2007 (as at 31 December 2006: 23%). Accordingly, the financial position of the Group has remained very liquid.

As most of the Group's monetary assets are denominated in Hong Kong dollars, US dollars and Renminbi, with minimal balances in UK pounds and New Taiwan dollars, the exchange rate risks of the Group are considered to be minimal.

CHARGE ON ASSETS

As at 31 December 2007, deposits of approximately HK$4,067,000 (as at 31 December 2006: HK$3,907,000) were pledged with a bank to secure a guarantee given to the landlord of a subsidiary.

Other than the above, the Group did not have any other charge on its assets as at 31 December 2007 and 31 December 2006.

CAPITAL STRUCTURE

During the year ended 31 December 2007, other than the exercise of share options granted, there was no change in the Company's share capital. As at 31 December 2007, the Group's operations were mainly financed by equity holders' equity.

STAFF

As at 31 December 2007, the Group employed 815 full-time staff (31 December 2006: 742), at market remuneration with employee benefits such as comprehensive medical coverage, insurance plan, defined contribution pension schemes and an employee share option scheme. Staff costs for the year ended 31 December 2007 increased to approximately HK$296,407,000 (year ended 31 December 2006: HK$263,418,000).

The Group did not experience any significant labour disputes or substantial change in the number of its employees that led to any disruption of normal business operations. The Directors consider the Group's relationship with its employees to be good.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2007 the Group invested in certain unlisted security investments with an estimated fair market value of approximately HK$76,638,000 (as at 31 December 2006: HK$141,300,000). Save as disclosed above, the Group has not held any other significant investment for the year ended 31 December 2007.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDING

The Group will continue to consolidate its existing businesses while exploring new business opportunities that will complement and enhance its existing businesses.

As at 31 December 2007, the Group was considering various investment projects and options but had not made any solid plan for pursuing the same.

CONTINGENT LIABILITIES

Other than the banking facilities amounting to approximately HK$19,067,000 (2006: HK$18,907,000) of which approximately HK$11,440,000 (2006: HK$11,735,000) was utilized mainly in utilities deposits. Deposits of approximately HK$4,067,000 (2006: HK$3,907,000) were pledged with a bank to secure a banking guarantee given to the landlord of a subsidiary, the Group had no material contingent liabilities as at 31 December 2007 and 31 December 2006.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

AUDIT COMMITTEE

The audit committee had reviewed the Group's annual results for the year ended 31 December 2007 and provided advice and comments thereon before such statements were presented to the Board of Directors for approval. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2007 have been agreed with the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this preliminary announcement did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

CORPORATE GOVERNANCE REPORT

Phoenix Satellite Television Holdings Limited (the "Company") is committed to ensuring high standards of corporate governance in the interests of the shareholders of the Company ("Shareholders") and devotes considerable effort to identifying and formalising best practices.

CORPORATE GOVERNANCE PRACTICES

The Company adopted its own code on corporate governance on 26 December 2005, which combined its existing principles and practices with most of the mandatory provisions of the Code on Corporate Governance Practices issued by The Stock Exchange of Hong Kong Limited (the "Code") – all with the objective of taking forward a corporate governance structure which builds on Phoenix's own standards and experience, whilst respecting the benchmarks set in the Code.

The board (the "Board") of directors of the Company (the "Directors") monitored the progress on corporate governance practices of the Company throughout the year under view. Explanations for the deviations from the Code are provided in the Corporate Governance Report. Unless otherwise disclosed herein, the Company has, throughout the year ended 31 December 2007, complied with the Code.

DISTINCTIVE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provisions

Under the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Deviation and its Reasons

Mr. LIU Changle is both the chairman and chief executive officer of the Company who is responsible for managing the Board and the businesses of the Company and its subsidiaries (collectively, the "Group"). He has been both chairman and chief executive officer of the Company since its incorporation. The Board considers that Mr. LIU's invaluable experience in the broadcasting industry is a great benefit to the Group. Through the supervision of the Board and the audit committee, balance of power and authority can be ensured and there is no imminent need to change the arrangement.

APPOINTMENTS, RE-ELECTION AND REMOVAL

Code Provisions

Under the Code, (i) non-executive directors should be appointed for a specific term, subject to re-election; and (ii) all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Deviation and its Reasons

Apart from the two executive Directors, Mr. LIU Changle and Mr. CHUI Keung, no other Directors are currently appointed with specific terms. According to the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation, but the chairman of the Board and/or the managing director shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. As such, with the exception of the chairman, all Directors are subject to retirement by rotation. The Board considers that there is no imminent need to amend the articles of association of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, the Directors have complied with the required standard of dealings regarding directors' securities transactions throughout the year ended 31 December 2007.

BOARD OF DIRECTORS

The Board is responsible for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company affairs.

The Board currently comprises three executive directors, five non-executive Directors and three independent non-executive Directors. Their brief biographical details are described in the annual report.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to rules 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

The Board meets at least four times a year to review the financial and operating performance of the Group.

There were four Board meetings held in the financial year ended 31 December 2007. Individual attendance of each Board member at these meetings is as follows:

Name of Director	**Attended/ Eligible to attend**
Executive Directors	
Mr. LIU Changle *(Chairman & CEO)*	4/4
Mr. CHUI Keung	3/4
Mr. WANG Ji Yan	4/4
Non-executive Directors	
Mr. LU Xiangdong	0/4
Mr. GAO Nianshu	4/4
Mr. Paul Francis AIELLO	3/4
Mr. LAU Yu Leung, John	3/4
Mr. XU Gang (resigned on 12 January 2007)	N/A
Mr. GONG Jianzhong (appointed on 12 January 2007)	0/4
Independent Non-executive Directors	
Dr. LO Ka Shui	3/4
Mr. LEUNG Hok Lim	4/4
Mr. Thaddeus Thomas BECZAK	4/4

During regular meetings of the Board, the Directors discussed and formulated the overall strategies of the Group, reviewed and monitored the business and financial performances and discussed the quarterly, half-yearly and annual results, as well as discussed and decided on other significant matters.

The management is responsible for the day-to-day operations of the Group. For significant matters that are specifically delegated by the Board, the management must report back to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group.

BOARD COMMITTEES

Audit Committee

The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the mandatory provisions set out in the Code.

The primary duties of the audit committee are to review the Company's annual report and accounts, half-yearly report and quarterly reports and to provide advices and comments thereon to the Board. The audit committee meets at least four times a year with management to review the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters.

The audit committee currently comprises one non-executive Director, namely Mr. LAU Yu Leung, John and three independent non-executive Directors, namely Mr. Thaddeus Thomas BECZAK (chairman of the audit committee), Dr. LO Ka Shui and Mr. LEUNG Hok Lim.

The audit committee met four times in 2007. Individual attendance of each committee member at these meetings is as follows:

Name of Director	**Attended/ Eligible to attend**
Independent Non-executive Directors	
Mr. Thaddeus Thomas BECZAK	4/4
Dr. LO Ka Shui	4/4
Mr. LEUNG Hok Lim	4/4
Non-executive Director	
Mr. LAU Yu Leung, John	3/4

The audit committee reviewed the Group's audited results for the year ended 31 December 2007 with management and the Company's external auditor and recommended its adoption by the Board.

Remuneration Committee

The Company established the remuneration committee in 2003. On 26 December 2005, the Board adopted the new terms of reference of the Remuneration Committee in alignment with the mandatory provisions set out in the Code.

The principal responsibilities of the remuneration committee include making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management staff of the Company.

The remuneration committee now comprises two non-executive Directors, namely Mr. GAO Nianshu and Mr. LAU Yu Leung, John and three independent non-executive Directors, namely Dr. LO Ka Shui, Mr. LEUNG Hok Lim and Mr. Thaddeus Thomas BECZAK.

In 2007, the remuneration committee recommended to the Board the bonus payments and increment in salary and housing allowance (if any) for the executive Directors and senior management staff by way of written resolutions passed by all the committee members.

Ad Hoc Committee

The Company adopted the terms of reference of the ad hoc committee in 2003 to deal with ad hoc matters, which set out detailed directions as to the powers delegated to the ad hoc committee. Any two Directors shall form a quorum for the transaction of business.

In 2007, the ad hoc committee, as authorised by the Board, approved the opening of a cash securities trading account and the transaction relating to the variations on terms of capital increase contract of Phoenix Oriental (Beijing) Properties Company Limited.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group.

The Directors' responsibilities in the preparation of the financial statements and the auditor's responsibilities are set out in the Auditor's Report.

INTERNAL CONTROL

The Board has overall responsibility for the establishment, maintenance and review of the Group's system of internal control. Pursuant to the Code Provision C.2.1, the Board conducted a review on the effectiveness of the Group's system of internal control and considered that the system was effective. During 2007, the Board, through the audit committee and with the assistance of an external advisor, reviewed the effectiveness of the Group's system of internal control against the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) framework. Testing was also performed on high level controls using management control self-assessments.

EXTERNAL AUDITORS

PricewaterhouseCoopers ("PwC") has been appointed as the external auditors of the Company by Shareholders at the annual general meeting.

The remuneration in respect of services provided by PwC for the Group is analysed as follows:

	31 December 2007 *HK$*	31 December 2006 *HK$*
Audit Service	**2,835,000**	2,410,000
Tax Service	**257,900**	186,000
Total	**3,092,900**	2,596,000

INVESTOR RELATIONS

The Board puts a high regard on investor relationship in particular, fair disclosure and comprehensive and transparent reporting of the Group's performance and activities.

Shareholders are encouraged to attend the annual general meeting of the Company ("AGM") and the Directors always makes efforts to fully address any questions raised by the Shareholders at the AGM.

There was no change in the articles of association of the Company during the year under review.

The Company provides extensive information about Phoenix to the investors and potential investors through the Company website www.ifeng.com. Hard copies of the annual report, half-year report and quarterly report are sent to all the Shareholders, which are also available on the company website and the professional investor relation website on www.irasia.com/listco/hk/phoenixtv.

CONCLUSION

The Company strongly believes that good corporate governance can safeguard the effective allocation of resources and protect shareholders' interest and the management tries to maintain, strengthen and improve the standard and quality of the Group's corporate governance.

On behalf of the Board
LIU Changle
Chairman

7 March 2008

The directors (the "Directors") of Phoenix Satellite Television Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are pleased to announce the consolidated results of the Group for the year ended 31 December 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007
(Amounts expressed in Hong Kong dollars)

	Note	**2007** **\$'000**	2006 \$'000
Revenue	2	**1,178,667**	1,057,667
Operating expenses	4	**(803,823)**	(729,483)
Selling, general and administrative expenses	4	**(128,300)**	(137,330)
Other income			
Interest income	2	**24,503**	23,118
Other gains - net	2	**59,194**	33,371
Share of loss of jointly controlled entities		**(1,067)**	(1,518)
Profit before income tax		**329,174**	245,825
Income tax expense	5	**(50,640)**	(34,938)
Profit for the year		**278,534**	210,887
Attributable to:			
Equity holders of the Company		**278,749**	212,385
Minority interests		**(215)**	(1,498)
		278,534	210,887
Earnings per share for profit attributable to the equity holders of the Company during the year			
Basic earnings per share, Hong Kong cents	7	**5.64**	4.30
Diluted earnings per share, Hong Kong cents	7	**5.62**	4.29
Dividends	6	**89,108**	69,243

CONSOLIDATED BALANCE SHEET

As at 31 December 2007
(Amounts expressed in Hong Kong dollars)

	Note	**2007** **$'000**	2006 $'000
ASSETS			
Non-current assets			
Purchased programme and film rights, net		**17,823**	13,915
Lease premium for land		**132,810**	74,696
Property, plant and equipment, net		**248,951**	106,950
Intangible assets		**2,705**	–
Investments in jointly controlled entities		**8,283**	9,350
Available-for-sale financial assets		**962**	962
Financial assets at fair value through profit or loss		**39,757**	80,027
Prepayment for long-term assets		**–**	24,393
Deferred income tax assets		**8,272**	12,233
		459,563	322,526
Current assets			
Accounts receivable, net	8	**25,666**	56,159
Prepayments, deposits and other receivables		**449,551**	407,376
Inventories		**4,585**	4,952
Amounts due from related companies		**3,840**	38
Self-produced programmes		**1,050**	3,206
Purchased programme and film rights, net		**2,889**	4,061
Financial assets at fair value through profit or loss		**36,881**	22,479
Loans and receivables		**120,260**	69,136
Cash and cash equivalents		**531,257**	543,417
		1,175,979	1,110,824
Total assets		**1,635,542**	1,433,350

	Note	2007 $'000	2006 $'000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**495,042**	494,213
Reserves		**890,323**	665,336
		1,385,365	1,159,549
Minority interests in equity		**24,424**	7,139
Total equity		**1,409,789**	1,166,688
LIABILITIES			
Non-current liabilities			
Provision for asset retirement reinstatement		**4,912**	4,342
Deferred income tax liabilities		**5,908**	1,213
		10,820	5,555
Current liabilities			
Accounts payable, other payables and accruals	9	**106,736**	119,378
Deferred income		**95,365**	119,580
Amounts due to related companies		**3,506**	4,743
Profits tax payable		**9,326**	17,406
		214,933	261,107
Total liabilities		**225,753**	266,662
Total equity and liabilities		**1,635,542**	1,433,350
Net current assets		**961,046**	849,717
Total assets less current liabilities		**1,420,609**	1,172,243

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007
(Amounts expressed in Hong Kong dollars)

	Attributable to the Company's equity holders					
	Share capital $'000	Share premium $'000	Exchange reserve $'000	Accumulated deficit $'000	Minority interests $'000	Total equity $'000
Balance at 1 January 2006	493,867	782,128	3,587	(280,495)	8,019	1,007,106
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	–	3,642	–	–	3,642
Exercise of share options	346	3,367	–	–	–	3,713
Dividend related to 2005	–	(59,278)	–	–	–	(59,278)
Profit/(loss) for the year	–	–	–	212,385	(1,498)	210,887
Investment in a subsidiary by a minority shareholder	–	–	–	–	618	618
Balance at 31 December 2006	494,213	726,217	7,229	(68,110)	7,139	1,166,688

		Attributable to the Company's equity holders							
	Note	Share capital $'000	Share premium $'000	Statutory reserve $'000 (Note a)	Exchange reserve $'000	Employee share-based payment reserve $'000	(Accumulated deficits)/ retained earnings $'000	Minority interests $'000	Total equity $'000
Balance at 1 January 2007		494,213	726,217	–	7,229	–	(68,110)	7,139	1,166,688
Exchange differences arising on translation of the financial statements of foreign subsidiaries		–	–	–	5,465	–	–	–	5,465
Exercise of share options		829	8,139	–	–	–	–	–	8,968
Dividend related to 2006	6	–	(69,243)	–	–	–	–	–	(69,243)
Profit/(loss) for the year		–	–	–	–	–	278,749	(215)	278,534
Employee share-based payment		–	–	–	–	1,877	–	–	1,877
Investment in a subsidiary by a minority shareholder		–	–	–	–	–	–	17,500	17,500
Allocation to statutory reserve		–	–	3,612	–	–	(3,612)	–	–
Balance at 31 December 2007		495,042	665,113	3,612	12,694	1,877	207,027	24,424	1,409,789

Note a: The statutory reserve of the Group refers to the PRC statutory reserve fund. Appropriations to such reserve fund are made out of profit after tax as recorded in the statutory financial statements of the PRC subsidiaries and the amount should not be less than 10% of the profit after tax unless the aggregate amount exceeded 50% of the registered capital of the PRC subsidiaries. The statutory reserve fund can be used to make up prior years' losses of the PRC subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

(Amounts expressed in Hong Kong dollars)

1. **Basis of preparation**

The consolidated financial statements of Phoenix Satellite Television Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

Standards, amendments to standards and interpretations effective in 2007

The following new standards, amendments to standards and interpretations are mandatory for the financial year ended 31 December 2007. The Group adopted those which are relevant to its operations.

- HKFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to HKAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and accounts payables.

- HK(IFRIC) – Int 8, 'Scope of HKFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group's financial statements.

- HK(IFRIC) – Int 9, 'Reassessment of embedded derivatives', requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As the Group's entities have not changed the terms of their contracts, This does not have any material impact on the Group's financial statements.

- HK(IFRIC) – Int 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

The standards, amendments to standards and interpretations above do not have material impacts to the Group except for the disclosure requirements under HKFRS 7 – 'Financial instruments: Disclosures', and the complementary amendment to HKAS 1, 'Presentation of financial statements – Capital disclosures'.

There is also a number of new standards, amendments to standards and interpretations issued that are not yet effective for the financial year ended 31 December 2007. The Group has carried out a preliminary assessment of these standards, amendments to standards and interpretations and considered that HKAS 23 (Revised), HK(IFRIC) – Int 11, HK(IFRIC) – Int 12, HK(IFRIC) – Int 13 and HK(IFRIC) – Int 14 may not have significant impact on the Group's results of operations and financial position but a detailed assessment is still being carried on. The Group is also in the process of assessing the impact of HKFRS 8.

2. REVENUE AND OTHER GAINS

The Group is principally engaged in satellite television broadcasting activities. An analysis of the Group's revenue by nature is as follows:

	2007	2006
	$'000	*$'000*
Revenue		
Advertising sales	**1,037,898**	973,310
Subscription sales	**45,480**	41,511
Magazine advertising and subscription or circulation sales	**23,512**	18,030
Technical services income	**56,391**	13,491
Others	**15,386**	11,325
	1,178,667	1,057,667
Other gains		
Exchange gain, net	**25,583**	15,124
Interest income, net	**24,503**	23,118
Income from certificate of deposit	**705**	976
Sales of programmes	**934**	3,715
Fair value gain on financial assets at fair value through profit or loss (realised and unrealised)	**2,110**	4,910
Gain on the formation of a subsidiary	**17,500**	–
Gain on disposal of property, plant and equipment	**664**	–
Others, net	**11,698**	8,646
	83,697	56,489
Total	**1,262,364**	1,114,156

3. SEGMENT INFORMATION

Primary reporting format - business segments

The Group is organised into four main business segments including:

(i) Television broadcasting - broadcasting of television programmes and commercials and provision of promotion activities;

(ii) Programme production and ancillary services;

(iii) New media - provision of website portal and value-added telecommunication services; and

(iv) Other activities - merchandising services, magazine publication and distribution, and other related services.

	Year ended 31 December 2007					
	Television broadcasting *$'000*	**Programme production and ancillary services** *$'000*	**New media** *$'000*	**Other activities** *$'000*	**Inter-segment elimination** *$'000*	**Group** *$'000*
Revenue						
External sales	1,083,379	5,433	56,391	33,464	–	1,178,667
Inter-segment sales	204	27,392	–	265	(27,861)	–
Total revenue	1,083,583	32,825	56,391	33,729	(27,861)	1,178,667
Segment results	367,699	181	25,313	692	–	393,885
Unallocated income *(Note a)*						79,130
Unallocated expenses *(Note b)*						(142,774)
Profit before share of results of jointly controlled entities, income tax and minority interests						330,241
Share of losses of jointly controlled entities						(1,067)
Income tax expense						(50,640)
Profit for the year						278,534
Minority interests						215
Profit attributable to equity holders of the Company						278,749
Segment assets *(Note c)*	96,195	53,266	82,284	13,299	–	245,044
Unallocated assets						1,390,498
Total assets						1,635,542
Segment liabilities *(Note d)*	(139,668)	(5,898)	(19,278)	(9,218)	–	(174,062)
Unallocated liabilities						(51,691)
Total liabilities						(225,753)
Capital expenditure *(Note e)*	(18,612)	(1,081)	(3,517)	–	–	(23,210)
Unallocated capital expenditure						(209,876)
						(233,086)
Depreciation	(23,946)	(1,741)	(1,685)	(60)	–	(27,432)
Provision for impairment of accounts receivable	(5,547)	–	–	–	–	(5,547)
Amortisation of purchased programme and film rights	(17,799)	–	–	–	–	(17,799)
Reversal of previously written off accounts receivable	8,505	–	–	–	–	8,505

	Year ended 31 December 2006					
	Television broadcasting *$'000*	Programme production and ancillary services *$'000*	New media *$'000*	Other activities *$'000*	Inter-segment elimination *$'000*	Group *$'000*
Revenue						
External sales	1,014,822	1,914	13,490	27,441	–	1,057,667
Inter-segment sales	611	24,584	–	30	(25,225)	–
Total revenue	1,015,433	26,498	13,490	27,471	(25,225)	1,057,667
Segment results	351,549	(1,921)	894	(2,984)	–	347,538
Unallocated income *(Note a)*						45,408
Unallocated expenses *(Note b)*						(145,603)
Profit before share of results of jointly controlled entities, income tax and minority interests						247,343
Share of losses of jointly controlled entities						(1,518)
Income tax expense						(34,938)
Profit for the year						210,887
Minority interests						1,498
Profit attributable to equity holders of the Company						212,385
Segment assets *(Note c)*	64,385	68,454	17,038	10,191	–	160,068
Unallocated assets						1,273,282
Total assets						1,433,350
Segment liabilities *(Note d)*	(27,006)	(5,281)	(11,888)	(10,273)	–	(54,448)
Unallocated liabilities						(212,214)
Total liabilities						(266,662)
Capital expenditure *(Note e)*	(11,678)	(2,789)	(3,417)	–	–	(17,884)
Unallocated capital expenditure						(67,979)
						(85,863)
Depreciation	(18,533)	(2,883)	(1,897)	(60)	–	(23,373)
Impairment of purchased programme and film rights	(1,680)	–	–	–	–	(1,680)
Provision for impairment of accounts receivable	(16,293)	–	–	–	–	(16,293)
Amortisation of purchased programme and film rights	(17,011)	–	–	–	–	(17,011)
Reversal of previously written off accounts receivable	12,152	–	–	–	–	12,152

Note:

(a) Unallocated income represents income recognised on formation of a subsidiary with another third party investor to undertake the outdoor media business, and other gains such as exchange gain, interest income, fair value gain on financial assets and liabilities (realised and unrealised).

(b) Unallocated expenses represent primarily:

- corporate staff costs;
- office rental;
- general administrative expenses; and
- marketing and advertising expenses that relate to the Group as a whole.

(c) Segment assets consist primarily of purchased programme and film rights, broadcast operations and other equipments, inventories, accounts receivable, and self-produced programmes.

Unallocated assets comprise other property, plant and equipment, lease premium for land, intangible assets, investments in jointly controlled entities, available-for-sale financial assets, financial assets at fair value through profit or loss, amounts due from related companies, deferred tax assets, prepayments, deposits and other receivables, loans and receivables, and cash and cash equivalents.

(d) Segment liabilities consist primarily of certain payables and deferred income.

Unallocated liabilities comprise of provision for asset retirement reinstatement, deferred tax liabilities, other payables and accruals, amounts due to related companies and profits tax payable.

(e) Capital expenditure comprises additions to property, plant and equipment, lease premium for land and intangible assets.

Secondary reporting format - geographical segments

	Year ended 31 December 2007		
	Revenue	**Total assets**	**Capital expenditure**
	$'000	***$'000***	***$'000***
The People's Republic of China (including Hong Kong)	**1,092,995**	**1,593,612**	**230,729**
United States	**41,747**	**18,664**	**813**
Europe	**18,488**	**18,101**	**1,118**
Others	**25,437**	**5,165**	**426**
	1,178,667	**1,635,542**	**233,086**

	Year ended 31 December 2006		
	Revenue	Total assets	Capital expenditure
	$'000	*$'000*	*$'000*
The People's Republic of China (including Hong Kong)	985,536	1,390,662	84,143
United States	30,600	20,828	380
Europe	18,014	16,030	436
Others	23,517	5,830	904
	1,057,667	1,433,350	85,863

Revenue is based on the country in which the customer is located. Total assets and capital expenditure are based on the country where the assets are located.

4. OPERATING PROFIT

The following items have been credited/charged to the profit before income tax during the year:

	2007	2006
	$'000	*$'000*
Crediting		
Fair value gain on financial assets at fair value through profit or loss (realised and unrealised)	**2,110**	4,910
Gain on disposal of property, plant and equipment	**664**	–
Reversal of previously written off accounts receivable	**8,505**	12,152
Reversal of provision for impairment of accounts receivable	**5,192**	–
Gain on the formation of a subsidiary	**17,500**	–
Charging		
Amortisation of purchased programme and film rights	**17,799**	17,011
Production costs of self-produced programmes	**133,130**	119,786
Transponder rental	**21,052**	17,000
Provision for impairment of accounts receivable	**5,547**	16,293
Provision for impairment of prepayments, deposits and other receivables	**6,874**	–
Employee benefit expenses (including Directors' emoluments)	**296,407**	263,418
Operating lease rental in respect of		
– Directors' quarters	**1,322**	1,202
– Land and buildings of third parties	**18,842**	17,959
Depreciation expenses	**27,432**	23,373
Amortisation of lease premium for land	**1,402**	540
Auditor's remuneration	**2,835**	2,410
Impairment of property, plant and equipment	**226**	677
Impairment of purchased programme and film rights	**–**	1,680

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2007	2006
	$'000	*$'000*
Current income tax		
– Hong Kong profits tax	**43,825**	45,532
– Overseas taxation	**3**	51
– (Over)/under provision of Hong Kong profits tax in the prior year	**(1,844)**	375
Deferred income tax	**8,656**	(11,020)
	50,640	34,938

On 20 January 1998, the PRC State Administration of Taxation granted a Tax Ruling of Business Tax and Foreign Enterprise Income Tax on certain of the Group's advertising fees collected from Shenzhou Television Company Ltd. ("Shenzhou") in the PRC (the "Ruling"). The Group has dealt with the aforementioned taxes according to the Ruling in the consolidated financial statements. However, PRC tax laws and regulations and the interpretations thereof may change in the future such that the Group would be subject to PRC taxation on certain income deemed to be sourced in the PRC other than Hong Kong. The Group will continue to monitor developments in the PRC tax regime in order to assess the ongoing applicability and validity of the Ruling.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of the location in which the Company operates as follows:

	2007	2006
	$'000	*$'000*
Profit before income tax	**329,174**	245,825
Calculated at a taxation rate of 17.5% (2006: 17.5%)	**57,605**	43,019
Income not subject to taxation	**(14,266)**	(10,823)
Expenses not deductible for taxation purposes	**11,095**	10,273
Tax losses not recognised	**6,973**	9,431
Effect of tax holiday granted to PRC subsidiaries	**(4,617)**	–
Utilisation of previously unrecognised tax losses	**(4,309)**	(3,631)
Recognition of deferred tax asset arising from previously unrecognised tax losses	**–**	(13,900)
Provision for overseas operations	**3**	51
(Over)/under provision of Hong Kong profits tax in prior years	**(1,844)**	375
Others	**–**	143
Tax expense	**50,640**	34,938

6. DIVIDENDS

The 2006 final dividends paid during the year ended 31 December 2007 were HK$69,243,000 (HK$0.014 per share). A dividend in respect of 2007 of HK$0.018 per share, amounting to a total dividend of HK$89,108,000 estimated based upon the number of outstanding shares of approximately 4,950,422,000 as at 31 December 2007, was proposed by the Directors at a Board of Directors meeting to be held on 7 March 2008. These financial statements do not reflect this dividend payable.

	2007	2006
	$'000	*$'000*
Proposed final dividend of HK$0.018 (2006: HK$0.014) per share	**89,108**	69,243

7. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2007	2006
Profit attributable to equity holders of the Company *($'000)*	278,749	212,385
Weighted average number of ordinary shares in issue *('000)*	4,946,338	4,940,000
Basic earnings per share *(Hong Kong cents)*	5.64	4.30

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares which is share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. Where the number of shares so calculated is smaller than the number of shares that would have been issued assuming the exercise of all the outstanding share options, the difference represents potential dilutive shares and is added to the weighted average number of ordinary shares in issue to arrive at the weighted average number of ordinary shares for diluted earnings per share.

	2007	2006
Profit attributable to equity holders of the Company used to determine diluted earnings per share *($'000)*	**278,749**	212,385
Weighted average number of ordinary shares in issue ('000)	**4,946,338**	4,940,000
Adjustment for share options *('000)*	**15,383**	5,582
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**4,961,721**	4,945,582
Diluted earnings per share *(HK cents)*	**5.62**	4.29

8. ACCOUNTS RECEIVABLE, NET

	2007	2006
	$'000	*$'000*
Accounts receivable	**34,289**	70,938
Less: Provision for impairment of receivables	**(8,623)**	(14,779)
	25,666	56,159

The carrying amounts of accounts receivable, net, approximate their fair value.

The Group has appointed an advertising agent in the PRC to promote the sales of the Group's advertising airtime and programme sponsorship and collect advertising revenues within the PRC on behalf of the Group. The Group generally requires customers to pay in advance, but grants a credit period of 30 days to 90 days to some customers.

The aging analysis of the accounts receivable from customers is as follows:

	2007	2006
	$'000	$'000
0-30 days	**10,320**	31,446
31-60 days	**6,062**	10,780
61-90 days	**3,843**	4,343
91-120 days	**2,821**	5,644
Over 120 days	**11,243**	18,725
	34,289	70,938
Less: Provision for impairment of receivables	**(8,623)**	(14,779)
	25,666	56,159

9. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	2007	2006
	$'000	*$'000*
Accounts payable	**12,740**	10,253
Other payables and accruals	**93,996**	109,125
	106,736	119,378

The aging analysis of the accounts payable is as follows:

	2007	2006
	$'000	*$'000*
0 – 30 days	**8,138**	5,234
31 – 60 days	**1,875**	1,286
61 – 90 days	**534**	593
91 – 120 days	**466**	13
Over 120 days	**1,727**	3,127
	12,740	10,253

The carrying amounts of accounts payable, other payables and accruals approximate their fair values.

As at the date of this announcement, the executive directors of the Company are Mr. LIU Changle, Mr. CHUI Keung and Mr. WANG Ji Yan, the non-executive directors of the Company are Mr. LU Xiangdong, Mr. GAO Nianshu, Mr. Paul Francis AIELLO, Mr. LAU Yu Leung John and Mr. GONG Jianzhong and the independent non-executive directors of the Company are Dr. LO Ka Shui, Mr. LEUNG Hok Lim and Mr. Thaddeus Thomas BECZAK.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.ifeng.com.